

# One Hundred Ninth Congress of the United States of America

## AT THE SECOND SESSION

*Begun and held at the City of Washington on Tuesday,  
the third day of January, two thousand and six*

## An Act

To amend title 18, United States Code, to provide criminal penalties for trafficking in counterfeit marks.

*Be it enacted by the Senate and House of Representatives of  
the United States of America in Congress assembled,*

### SECTION 1. TRAFFICKING IN COUNTERFEIT MARKS.

#### (a) SHORT TITLE; FINDINGS.—

(1) SHORT TITLE.—This section may be cited as the “Stop Counterfeiting in Manufactured Goods Act”.

(2) FINDINGS.—The Congress finds that—

(A) the United States economy is losing millions of dollars in tax revenue and tens of thousands of jobs because of the manufacture, distribution, and sale of counterfeit goods;

(B) the Bureau of Customs and Border Protection estimates that counterfeiting costs the United States \$200 billion annually;

(C) counterfeit automobile parts, including brake pads, cost the auto industry alone billions of dollars in lost sales each year;

(D) counterfeit products have invaded numerous industries, including those producing auto parts, electrical appliances, medicines, tools, toys, office equipment, clothing, and many other products;

(E) ties have been established between counterfeiting and terrorist organizations that use the sale of counterfeit goods to raise and launder money;

(F) ongoing counterfeiting of manufactured goods poses a widespread threat to public health and safety; and

(G) strong domestic criminal remedies against counterfeiting will permit the United States to seek stronger anticounterfeiting provisions in bilateral and international agreements with trading partners.

(b) TRAFFICKING IN COUNTERFEIT MARKS.—Section 2320 of title 18, United States Code, is amended as follows:

(1) Subsection (a) is amended by inserting after “such goods or services” the following: “, or intentionally traffics or attempts to traffic in labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature, knowing that a counterfeit mark has been applied thereto, the use of which is likely to cause confusion, to cause mistake, or to deceive,”.

(2) Subsection (b) is amended to read as follows:

“(b)(1) The following property shall be subject to forfeiture to the United States and no property right shall exist in such property:

“(A) Any article bearing or consisting of a counterfeit mark used in committing a violation of subsection (a).

“(B) Any property used, in any manner or part, to commit or to facilitate the commission of a violation of subsection (a).

“(2) The provisions of chapter 46 of this title relating to civil forfeitures, including section 983 of this title, shall extend to any seizure or civil forfeiture under this section. At the conclusion of the forfeiture proceedings, the court, unless otherwise requested by an agency of the United States, shall order that any forfeited article bearing or consisting of a counterfeit mark be destroyed or otherwise disposed of according to law.

“(3)(A) The court, in imposing sentence on a person convicted of an offense under this section, shall order, in addition to any other sentence imposed, that the person forfeit to the United States—

“(i) any property constituting or derived from any proceeds the person obtained, directly or indirectly, as the result of the offense;

“(ii) any of the person’s property used, or intended to be used, in any manner or part, to commit, facilitate, aid, or abet the commission of the offense; and

“(iii) any article that bears or consists of a counterfeit mark used in committing the offense.

“(B) The forfeiture of property under subparagraph (A), including any seizure and disposition of the property and any related judicial or administrative proceeding, shall be governed by the procedures set forth in section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), other than subsection (d) of that section. Notwithstanding section 413(h) of that Act, at the conclusion of the forfeiture proceedings, the court shall order that any forfeited article or component of an article bearing or consisting of a counterfeit mark be destroyed.

“(4) When a person is convicted of an offense under this section, the court, pursuant to sections 3556, 3663A, and 3664, shall order the person to pay restitution to the owner of the mark and any other victim of the offense as an offense against property referred to in section 3663A(c)(1)(A)(ii).

“(5) The term ‘victim’, as used in paragraph (4), has the meaning given that term in section 3663A(a)(2).”.

(3) Subsection (e)(1) is amended—

(A) by striking subparagraph (A) and inserting the following:

“(A) a spurious mark—

“(i) that is used in connection with trafficking in any goods, services, labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature;

“(ii) that is identical with, or substantially indistinguishable from, a mark registered on the principal register in the United States Patent and Trademark Office and in use, whether or not the defendant knew such mark was so registered;

“(iii) that is applied to or used in connection with the goods or services for which the mark is registered with the United States Patent and Trademark Office, or is applied to or consists of a label, patch, sticker, wrapper, badge, emblem, medallion, charm, box, container, can, case, hangtag, documentation, or packaging of any type or nature that is designed, marketed, or otherwise intended to be used on or in connection with the goods or services for which the mark is registered in the United States Patent and Trademark Office; and

“(iv) the use of which is likely to cause confusion, to cause mistake, or to deceive; or”; and

(B) by amending the matter following subparagraph

(B) to read as follows:

“but such term does not include any mark or designation used in connection with goods or services, or a mark or designation applied to labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature used in connection with such goods or services, of which the manufacturer or producer was, at the time of the manufacture or production in question, authorized to use the mark or designation for the type of goods or services so manufactured or produced, by the holder of the right to use such mark or designation.”.

(4) Section 2320 is further amended—

(A) by redesignating subsection (f) as subsection (g);

and

(B) by inserting after subsection (e) the following:

“(f) Nothing in this section shall entitle the United States to bring a criminal cause of action under this section for the repackaging of genuine goods or services not intended to deceive or confuse.”.

(c) SENTENCING GUIDELINES.—

(1) REVIEW AND AMENDMENT.—Not later than 180 days after the date of enactment of this Act, the United States Sentencing Commission, pursuant to its authority under section 994 of title 28, United States Code, and in accordance with this subsection, shall review and, if appropriate, amend the Federal sentencing guidelines and policy statements applicable to persons convicted of any offense under section 2318 or 2320 of title 18, United States Code.

(2) AUTHORIZATION.—The United States Sentencing Commission may amend the Federal sentencing guidelines in accordance with the procedures set forth in section 21(a) of the Sentencing Act of 1987 (28 U.S.C. 994 note) as though the authority under that section had not expired.

(3) RESPONSIBILITIES OF UNITED STATES SENTENCING COMMISSION.—In carrying out this subsection, the United States Sentencing Commission shall determine whether the definition of “infringement amount” set forth in application note 2 of section 2B5.3 of the Federal sentencing guidelines is adequate to address situations in which the defendant has been convicted of one of the offenses listed in paragraph (1) and the item in which the defendant trafficked was not an infringing item but rather was intended to facilitate infringement, such as

an anti-circumvention device, or the item in which the defendant trafficked was infringing and also was intended to facilitate infringement in another good or service, such as a counterfeit label, documentation, or packaging, taking into account cases such as *U.S. v. Sung*, 87 F.3d 194 (7th Cir. 1996).

**SEC. 2. TRAFFICKING DEFINED.**

(a) **SHORT TITLE.**—This section may be cited as the “Protecting American Goods and Services Act of 2005”.

(b) **COUNTERFEIT GOODS OR SERVICES.**—Section 2320(e) of title 18, United States Code, is amended—

(1) by striking paragraph (2) and inserting the following:

“(2) the term ‘traffic’ means to transport, transfer, or otherwise dispose of, to another, for purposes of commercial advantage or private financial gain, or to make, import, export, obtain control of, or possess, with intent to so transport, transfer, or otherwise dispose of;”;

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting after paragraph (2) the following:

“(3) the term ‘financial gain’ includes the receipt, or expected receipt, of anything of value; and”.

(c) **CONFORMING AMENDMENTS.**—

(1) **SOUND RECORDINGS AND MUSIC VIDEOS OF LIVE MUSICAL PERFORMANCES.**—Section 2319A(e) of title 18, United States Code, is amended by striking paragraph (2) and inserting the following:

“(2) the term ‘traffic’ has the same meaning as in section 2320(e) of this title.”.

(2) **COUNTERFEIT LABELS FOR PHONORECORDS, COMPUTER PROGRAMS, ETC.**—Section 2318(b) of title 18, United States Code, is amended by striking paragraph (2) and inserting the following:

“(2) the term ‘traffic’ has the same meaning as in section 2320(e) of this title;”.

(3) **ANTI-BOOTLEGGING.**—Section 1101 of title 17, United States Code, is amended by striking subsection (b) and inserting the following:

“(b) **DEFINITION.**—In this section, the term ‘traffic’ has the same meaning as in section 2320(e) of title 18.”.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*